

SUMMARY ANALYSIS OF AMENDED BILL

Author: Runner Analyst: Colin Stevens Bill Number: AB 119

Related Bills: See Prior Analyses Telephone: 845-3036 Amended Date: 3/30/98

Attorney: Doug Bramhall

Sponsor:

SUBJECT: Child Adoption Credit Conformity

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

☒ FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED MARCH 9, 1998, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL), this bill would repeal the existing state adoption credit and, by conforming with modifications to the federal adoption credit, allow a state credit equal to 50% of the costs above \$5,000 (\$6,000 in the case of a special needs adoption) but below \$10,000 paid or incurred by the taxpayer for an adoption that qualifies for the federal credit.

SUMMARY OF AMENDMENT

The March 30, 1998, amendments would allow taxpayers to carryover any unused credits for an unlimited period of time, until exhausted.

Except for the changes described above, the specific findings of the bill as amended March 9, 1998, still apply. Changes to the prior analysis include a correction to the revenue table shown in the prior analysis, the resolution of the technical consideration noted in the department's previous analysis, and the addition of the implementation identified below.

Implementation Consideration

In recent credits, the Legislature has limited the number of years the unused credit may be carried forward since most credits are exhausted in

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
___ X ___ PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Department/Legislative Director Date
Johnnie Lou Rosas 4/6/98

Agency Secretary Date

By: Date:

eight years. This bill permits an unlimited carryover of any unused credit.

Revised Tax Revenue Estimate

The prior revenue estimate and discussion still apply, except for the table. A corrected revenue table is provided below. The table provided with the prior analysis incorrectly reflected the income exclusion allowed for adoption expenses reimbursed to an employee by an employer. California conformed to that exclusion in enactment of SB 455 (ch. 611, Stats. 1997). The correction does not change the total revenue impact.

Fiscal Year Cash Flow Taxable Years Beginning After December 31, 1997 Enactment Assumed After June 30, 1998 \$ Millions			
	1998-9	1999-0	2000-01
Adoption Credit	(\$2)	(\$4)	(\$4)